

# Contents

Foreword	v
Acknowledgements	vi
Table of Gibraltar Legislation	xvii
Table of UK Legislation	xxv
Table of European Legislation	xxvii
Table of Cases	xxix
1 Introduction	1
2 Background	4
Geography	4
Climate	4
Constitution and government	4
Gibraltar in Europe	5
Political stability	5
Economy	6
Population	7
Language	7
Legal system	7
Travel and communication	8
Travel	8
Communication	8
Setting up an office	8
Premises	8
Employment	9
Foreign nationals	9
Local staff	9
Further education	9
Residential accommodation, quality of life and cost of living	9
Immigration	10
Banking and corporate confidentiality	10
3 Financial Services Commission	12
General	12
Composition, duties and powers of the Commission	12
Funding accounts and audit	15
Miscellaneous	15
4 Money Laundering Legislation	17
General	17
The offences	17

Preventive measures	18
The offences	18
Relevant financial businesses	18
The obligations	20
Due diligence/risk management	20
Reporting	21
Record keeping	22
Internal procedures/monitoring	22
Summary	22
<b>5 Companies</b>	<b>23</b>
Introduction	23
Incorporation of companies and incidental matters	23
Requirements with respect to memorandum of association	24
Articles of association	25
Form of memorandum and articles	26
Registration	26
Names of companies	26
General provisions with respect to memorandum and articles	27
Amended registration	28
De-registration	28
Membership of companies	29
Private companies	29
Reduction in number of members below legal minimum	30
Contracts	30
Share capital and debentures	31
Issue of prospectuses	31
Financial assistance	35
Purchase of own shares	35
Preference shares	38
Shares issued at a discount	39
Miscellaneous provisions as to share capital	39
Reduction of share capital	40
Variation of shareholders' rights	41
Transfer of shares and debentures	41
Special provisions as to debentures	42
Registration of charges	42
Management and administration	44
Registered office and name and stationery details	44
Restrictions on commencement of business	44
Register of members	45
Annual return	45
Meetings and proceedings	46
Accounts and audit	47
Inspection	49
Directors and managers	50
Arrangements and reconstruction	52
Mergers and divisions of public companies	52
Distributions	54
Winding up	54

Winding up by the court	55
Effects of petitions for winding up	55
Commencement of winding up	56
Consequence of winding-up order	56
Official receiver in winding up	56
Liquidators	57
Committees of inspection	59
General powers of the court	59
Voluntary winding up	62
Resolutions for, and commencement of, voluntary winding up	62
Consequences of voluntary winding up	62
Declaration of solvency	62
Provisions applicable to a members' voluntary winding up	63
Provisions applicable to a creditors' voluntary winding up	64
Provisions applicable to every voluntary winding up	65
Winding up subject to supervision of the court	65
Provisions applicable to every mode of winding up	66
Proof and ranking of claims	66
Effect of winding up on antecedent and other transactions	67
Offences antecedent to or in the course of winding up	67
Supplementary provisions as to the winding up	69
Supplementary powers of the court	70
Provisions as to dissolution	71
Fees and remuneration of officers	71
Receivers and managers	72
General provisions as to registration	72
Winding up of unregistered companies	73
Foreign companies doing business in Gibraltar (Part X of the Act)	74
Branch disclosure	74
Restrictions on offers and sales of shares	76
Miscellaneous	78
Limitation on size of partnerships	78
Miscellaneous offences	78
General provisions as to offences	78
Service of documents and legal proceedings	79
Corporate re-domiciliation	79
Re-domiciliation of companies	79
Documentation	81
General provisions	82
Publication of accounts	85
<b>6 Limited partnerships</b>	<b>89</b>
General	89
Nature of partners and contributions	89
Powers of partners	90
Registration	91
Company re-registration and limited partnership	91
Notification of changes	92

Charges	92
Miscellaneous	93
7 Protected cell companies	94
The PCC evolution	94
What is a PCC and how does it perform its function?	94
The PCC and the investment fund	96
The PCC life company	97
8 Taxation	99
Income tax administration	99
General	99
Confidentiality	99
Mutual Assistance Directive	99
Savings Directive	101
Tax Information Exchange Agreements	101
Mutual Legal Assistance Convention	104
Information powers	104
Service of notices	105
The basis of taxation	106
Income assessable	106
Basis of assessment	106
Return and computation of liability	107
Taxation of trusts and beneficiaries of trusts	108
Partnerships/protected cell companies	108
Assessment where no return received	109
Challenge to returns	109
Appeals against assessments	110
Application to postpone tax	110
Validity of proceedings	111
Assessments final and conclusive	111
Repayment of tax	111
Collection issues	111
Payments on account of liability	111
PAYE	112
Employer's returns	113
Employment of non-domiciles	113
Additional collection from employer	113
Sub-contractors in the construction industry	114
Chargeability of agents and other representatives	115
Deceased persons	116
Liquidations	117
Withholding taxes	117
Ordinarily resident	117
Individuals	117
Companies	118
Non-resident	118
Computation of liability	118
Deductions allowed in computing profits	118
Capital allowances	120

Plant, machinery, fixtures and fittings	120
Hire purchase	122
Losses	125
Double taxation relief	126
Parent and subsidiary companies	126
Dividends	126
Royalties and interest	127
Specific inclusions in income/profits or gains	127
Valuation of trading stock on discontinuance of trade	127
Benefits in kind	127
Anti-avoidance provision	130
Thin capitalisation	131
Transactions with connected persons	131
Interest on certain secured loans	132
Dual employment contracts	132
Anti-avoidance defences	132
Connected person	132
Transfer of assets abroad	133
Notice of exercise of anti-avoidance provisions	134
Notification of arrangements etc	134
Clearance applications	134
Appeals	135
The Tribunal (Sch 2)	135
Offences, surcharges, penalties, etc	137
Books of account	137
Surcharge for late payment	137
Penalties	137
Failure to comply	137
Penalties for false returns etc	138
Commissioner's discretion	139
Offences	139
Name and shame	140
Recovery of tax through the courts	140
Income tax and individuals	140
Rates of income tax for individuals	140
Entitlement to personal reliefs	141
The allowances	142
Minimum allowance	142
Personal allowance	142
Married persons relief	143
Wife's earned income allowance	143
Allowance for children	143
Nursery school allowance	144
Apprentice allowance	145
Age allowance	145
Allowances for those with low income	145
Deduction for blind persons	145
Dependent relatives	146
Services of unmarried daughter	146
Life/health insurance etc premiums	146

Deductions in respect of loan interest	147
Home Purchase (Deductions) Rules/Home Purchase (Special Deduction) Rules	147
Deductions for non-resident individuals	148
Individuals with special status	148
Qualifying (Category 2) Individuals Rules 2004	148
High Executive Possessing Specialist Skills Rules 2008	151
Capital gains tax	152
Stamp duty	152
General	152
Chargeability and stamping	152
Provisions relating to particular instruments	153
Provisions relating to companies	154
Miscellaneous	154
Table of duties (Sch 1)	155
Import duty	159
General	159
Administration	159
Control of imports	159
Control of exports	159
Other provisions	159
Imposition and variation of import duty	160
Time for payment and delivery on security	160
Valuation of goods for duty purposes	161
Exemptions from duty	161
Remission, refund and drawback of duty	162
Duty free premises	162
Customs tariffs	162
Value added tax	163
Social insurance contributions	163
Development aid	163
General	163
Administration	164
Issue of licences	164
Transfer of a licence	165
Benefits under a licence	165
Cancellation of licence	167
Appeals	167
Advertisement of licence	168
Deferring of tax assessments	168
Regulations	168
Estate duty	168
9 Exchange control	169
General	169
10 Investment business and controlled activities	170
Licensing of investment business and controlled activities	170
Conduct of business	172

Collective investment schemes	172
Authorised schemes	172
EEA schemes	173
Other overseas schemes	173
Investment exchanges and clearing houses	174
Powers of intervention	174
Appeals	175
Miscellaneous and supplementary provisions	176
Restrictions on the use of the word 'trust'	176
Termination or suspension of exemption	176
Agreements in breach of Section 3	176
Injunctions and restitution orders	176
Publication in the Gazette	177
Immunity	177
Offences and penalties	177
Service of documents	177
Regulations	178
Confidentiality	178
Financial Services (Markets in Financial Instruments) Act 2006	179
Investment firms	179
Investment services	180
Authorisation	180
Duty of auditor	182
Controllers	182
Passporting	182
Authorised Gibraltar investment firms	182
Authorised European investment firms	183
Regulated markets	183
Electronic money	183
Definition	184
Restrictions	184
Excluded business	184
Licence applications	185
Minimum criteria	185
Minimum capital requirements	185
Redemption and purse limits	186
11 Special types of companies	187
Insurance companies and insurance management companies	187
Insurance business	188
Administration	189
Insurers	189
Licences	190
Authorisation	191
Recognition in EEA States of Gibraltar insurers	191
Restrictions on licensed insurers	192
Management of licensed insurers	192
Changes of director, controller, manager etc	192

Audit and accounts	193
Reserves and margins	194
Conduct of insurance business	195
Long-term business	195
Contracts	195
Accounts	195
Actuarial investigations	196
Disposal of assets	196
Credit insurance	196
Legal expenses insurance	197
Co-insurance	197
Transfer of business	197
General business	198
Long-term business	198
Supervision, inspection and revocation of licences	198
Appeals	199
Winding up of insurance companies	199
Miscellaneous	200
Statistical information	200
Regulations made under the Act	200
Guidance notes	201
Insurance management companies	202
A separate corporate person	203
Composition of staffing and board of directors	203
Financial standing/resources	203
System and controls	204
Mind and management	204
Professional indemnity insurance	204
Form of contractual arrangement with the relevant insurance company under management	205
12 Remote gambling	206
Introduction	206
Licensing and regulation	206
Definition of remote gambling and licensing requirements	206
Validity of gaming contracts	207
Relevant authorities	208
Application process	208
Licence application	209
Specific matters to be considered by the Licensing Authority	210
Form of licences	211
Ancillary provisions of relevance under the Gambling Act 2005	211
Duty to obtain approval for, or notify, certain changes and occurrences	211
Responsible gambling	212
Enforcement provisions	212
Codes of conduct	212
Anti-money laundering	213
Taxation	213

13 Trusts	214
General	214
Investment powers of trustees	214
Appointment of new trustees	215
Non-charitable purpose trusts	215
Powers of purchase and sale	216
Powers and liabilities of trustees	217
Powers of the court	218
Perpetuities and accumulations	219
Taxation	219
Asset protection settlements	220
Summary	221
14 Funds	223
Gibraltar as a fund domicile jurisdiction	223
Private collective investment schemes	223
Private funds	223
Experienced investor funds	225
Experienced investor funds ('EIFs')	225
EIFs structured as protected cell companies ('PCC')	226
The management of EIFs and private funds in Gibraltar	227
Public funds and retail funds	227
Undertakings for Collective Investments in Transferable Securities ('UCITS')	227
Non-UCITS retail funds	228
Taxation of funds in Gibraltar	228
Taxation of the activities of the fund	228
Taxation of fund managers	229
Taxation of investors	229
Developments in Gibraltar's fund industry	230
Proposed changes to EIF legislation	230
The Alternative Investment Fund Managers Directive ('AIFM Directive')	230
UCITS IV	230
Index	233